



## THE MILITARY COALITION

August 18, 2016

Dear Director Cordray and Assistant Director Petraeus:

The Military Coalition (TMC), a consortium of uniformed services and veterans organizations representing more than 5.5 million current and former servicemembers and their families and survivors writes today in strong support of the Consumer Financial Protection Bureau's (CFPB) proposed rule on Arbitration Agreements (81 FR 32829). The proposed rule addresses the widespread harm of forced arbitration by preserving the ability of service members and other consumers to band together to seek relief through the civil justice system when financial institutions have broken the law. We applaud the CFPB for moving forward on this rule that recognizes the detrimental effects of forced arbitration and class action waivers on our brave men and women in uniform.

Forced arbitration is an un-American system wherein service members' claims against a corporation are funneled into a rigged, secretive system in which all the rules, including the choice of the arbitrator, are picked by the corporation. Found in almost every financial services contract, forced arbitration clauses systematically include a provision banning the rights of consumers to band together to hold a corporation accountable. Given the exponential and expansive use of these clauses by financial institutions in contracts with service members, prohibiting the practice of forcing service members to surrender fundamental Constitutional and statutory rights through the use of pre-dispute forced arbitration clauses is now more critical than ever.

Our service members protect our nation against both foreign and domestic threats. The sacrifices and logistical undertakings they and their families make in order to serve are compelling reasons alone to ensure they are not only shielded from predatory financial practices and unscrupulous lenders, but are also able to enforce their congressionally mandated rights through our civil justice system if and when violations arise.

However, class action waivers work against these rights. They are particularly abusive when enforced against service members, who may not be in a position to individually challenge a financial institution's illegal or unfair practices because of limited resources or frequent relocations or deployment. Furthermore, for those service members on active duty and serving overseas, it is critical to retain the ability to get justice without having to interrupt their service and distract their attention from the mission at hand. Since these types of service members cannot participate full time in pursuing an individual claim, being able to enforce their rights through the class action mechanism is essential. Thus service members should receive the benefits of participating in a class action despite their inability to shoulder the burden of bringing a claim alone.

Our nation's veterans should not be deprived of the Constitutional rights and freedoms that they put their lives on the line to protect, including the right to have their claims heard in a trial by a jury when their rights are violated. The catastrophic consequences these clauses pose for our all-voluntary military fighting force's morale and our national security are vital reasons for the CFPB to act quickly to finalize the regulations.

Sincerely,

The Military Coalition  
(Signatures attached)

George K. Mullous  
Air Force Association

[Signature]  
Air Force Sergeants Association

Patricia M. Murphy  
Air Force Women Officers  
Associated

John R. Cully  
AMVETS

E. J. Sinclair  
Army Aviation Association of America

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AMSUS, the Society of Federal Health Professionals

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Carol Setteducato  
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John R. Davis  
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Marine Corps Reserve Association

Dana T. Atkins  
Military Officers Association of America

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Richard F. Weisman  
Vietnam Veterans of America